

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Product Prices  
Parcel Select & Parcel Return Service  
Parcel Select & Parcel Return Service Contract 4

Docket No. MC2012-25

Competitive Product Prices  
Parcel Select & Parcel Return Service Contract 4  
(MC2012-25)  
Negotiated Service Agreement

Docket No. CP2012-33

PUBLIC REPRESENTATIVE COMMENTS

(June 26, 2012)

I. BACKGROUND

In response to Order No. 1369,<sup>1</sup> the Public Representative hereby comments on the June 13, 2012 United States Postal Service Request to Add Parcel Select and Parcel Return Service Contract 4 to the Competitive Product List.

II. DISCUSSION

While the workpapers filed in conjunction with the contract appear to demonstrate the profitability of the contract, there are several aspects of the contract that are unclear and differ significantly from previous Parcel Select and Parcel Return Service contracts. First, it is unclear if only Parcel Select, or only Parcel Return Service or both products are included in the contract. Article I.B of the contract indicates the “contract packages” are the Customer’s returns packages. The contract only discusses return packages which are logically Parcel Return Service pieces.<sup>2</sup> On the other hand,

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<sup>1</sup> Notice and Order Concerning Addition of Parcel Select and Parcel Return Service Contract 4 to the Competitive Product List (Order No. 1369), June 14, 2012.

from the Postal Service's workpapers, it appears that the only volume associated with the contract is Parcel Select volume. See Copy of PSPRS\_4\_Analysis.Public.xls, tab: PartnerProfile, assuming the "PS" indicates Parcel Select volume. Therefore, it is unclear what products of mail are being sent under the contract.

Second, for Parcel Select and Parcel Return Service contracts, the Postal Service has traditionally demonstrated the volume distribution between the two products involved, as well as the cost coverage associated with both products. See Docket Nos. CP2009-13, CP2009-61 and CP2012-22. In the instant contract, the Postal Service has not clearly demonstrated the cost coverage or volume of either the Parcel Select or Parcel Return components of the contract. The lack of information makes it difficult to assess whether the financial workpapers accurately represent the terms of the contract.

Third, while it is unclear what percentage of contract pieces are Parcel Select and what percentage of pieces are Parcel Return Service, the Postal Service uses costs associated with both products to calculate the "Cost Coverage for Full-network Parcel Returns". See Copy of PSPRS\_4\_Analysis.Public.xls, tab: NSA\_Summary. Because the Postal Service has not identified the proportion of pieces that are Parcel Select or Parcel Return Service the Public Representative is unable to determine if the allocation of costs used in the financial workpapers is appropriate.

Because it is unclear from the Postal Service's Notice and information provided under seal how the contract functions, the Public Representative is unable to determine if the financial workpapers accurately demonstrate the contract's compliance with 39 U.S.C. 3633(a). The Public Representative believes the Postal Service must file additional support for this contract so that it can be reviewed by the Commission and the public. As discussed previously, the financial workpapers filed with the instant contract differ from previous workpapers filed in support Parcel Select and Parcel Return Service contracts. Therefore, the Public Representative believes that a more

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<sup>2</sup> The contract may be for the return of parcels from the customer to the contract partner (Parcel Return Service) with the subsequent replacement shipment being sent from the contract partner to the customer (Parcel Select). However, the contract terms do not make this arrangement apparent.

complete discussion of how the contract functions and how the financial workpapers accurately demonstrate the contract's compliance with 39 U.S.C. 3633(a) is necessary for the Commission's and the public's review of the contract and associated financial workpapers.

### III. CONCLUSION

The Public Representative, after accessing and reviewing all materials the United States Postal Service submitted under seal in this matter, finds that there is insufficient information available to assess the instant contract's compliance with 39 U.S.C. 3633(a).

The Public Representative respectfully submits the preceding Comments for the Commission's consideration.

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Docket Nos. MC2012-25 & CP2012-33

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